

STATEMENT OF CONSIDERATIONS

REQUEST BY JOHN DEERE & COMPANY FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN PATENT RIGHTS UNDER A LOWER-TIER SUBCONTRACT WITH SOUTHWEST RESEARCH INSTITUTE UNDER NREL SUBCONTRACT NO. ZCF-5-13519-01 UNDER DOE CONTRACT NO. DE-AC36-83CH10093; W(A)-95-005; CH-0851

The Petitioner, John Deere & Company, has requested a waiver of domestic and foreign patent rights for all subject inventions arising from its participation under the above referenced subcontract entitled "Development of an Ultra Safe and Low Emission Dedicated Alternative Fuel School Bus." The Petitioner is a lower-tier subcontractor under the referenced NREL subcontract with Southwest Research Institute (SRI), a not-for-profit organization.

The objective of the subcontract is to develop an inherently safe, commercially competitive alternative fuel school bus that will meet future low emission and safety standards for the year 2000 and provide equivalent energy efficiency as diesel fueled buses. The requirements include meeting the California Air Resources Board Medium Duty Ultra Low Emission Vehicle standards for 1998 and all applicable school bus safety standards. Under the subcontract, Petitioner will modify its current Deere 8.1L electronically controlled, lean burn, compressed natural gas engine to optimize its performance and emissions potential. The work includes design modifications to the power cylinder components, new control system techniques, prototype hardware testing, system integration of beneficial features, emissions testing, and a 10,000 mile vehicle demonstration.

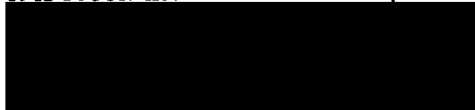
The total anticipated cost of the subcontract, over the course of its four phases, is \$1.9 million, with the Subcontractor's (SRI) share being \$470,000, for approximately twenty five percent (25%) cost sharing. The cost sharing for the subcontract comprises cost participation by the Subcontractor's lower-tier subcontractors, at any tier. The continuation of the waiver is contingent upon the Subcontractor maintaining, in aggregate, substantially the same cost sharing percentage over the course of the subcontract.

As noted in its waiver petition, Petitioner has an established non-governmental commercial position in the above technology, with sales of approximately 100,000 medium and heavy duty diesel engines each year. Petitioner is a recognized leader in the development of diesel and natural gas engines for off-road applications and has begun conducting pre-production testing of lean burn compressed natural gas engines for commercial bus and school bus applications. Prior to the execution of this subcontract, Petitioner had invested substantial time and monies in developing and testing low emission electronically controlled compressed natural gas engines. Considering Petitioner's technical expertise, established market position, and significant investment in this technology including sizable cost sharing in this subcontract, it is reasonable to conclude that Petitioner will continue to develop and ultimately commercialize the products which may arise from this subcontract.

Petitioner has agreed that this waiver shall be subject to the march-in and preference for U.S. industry provisions, as well as the U.S. Government license, comparable to those set out in 35 U.S.C. 202-204. Further, Petitioner has agreed to the U.S. competitiveness provisions as attached to this Statement. In brief, Petitioner has agreed that products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States unless Petitioner can show to the satisfaction of the DOE that it is not commercially feasible to do so. Further, Petitioner has agreed that it will not license, assign or otherwise transfer any waived invention to any entity unless that entity agrees to these same requirements.

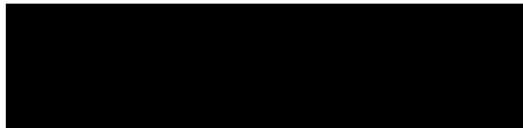
Referring to item 10 of the waiver petition, granting this waiver is not anticipated to have any adverse impact on competition. There are currently numerous designs, as well as competitors, in the field of low emission alternative fuel vehicles. The success of this subcontract can be expected to stimulate investment, not only in this technology, but also in other competing technologies as well.

Considering the foregoing, it is believed that granting this waiver will provide Petitioner with the necessary incentive to invest its resources in the commercialization of the results of the subcontract in a fashion which will make the above technology available to the public in the shortest practicable time. Therefore, upon evaluation of the waiver petition and in view of the objectives and considerations set forth in 41 CFR 9-9.109-6, all of which have been considered, it is recommended that the requested waiver be granted.



Thomas G. Anderson
Assistant Chief Counsel
Intellectual Property Law Division

Date: 3/30/95



Daniel D. Park
Patent Attorney
Intellectual Property Law Division

Date: 3/30/95

Based upon the foregoing Statement of Considerations and representations in the attached waiver petition, it is determined that the interests of the United States and the general public will best be served by a waiver of patent rights of the scope described above, and therefore the waiver is granted. This waiver shall not apply to any modification or extension of the subcontract, where through such modification or extension, the purpose, scope or cost of the subcontract has been substantially altered.

CONCURRENCE:



John A. Russell, Director
Fuel Utilization Data and Analysis
Division, HQ

Date: 10-26-95

APPROVAL:



Paul A. Gottlieb, Assistant General
Counsel for Technology Transfer
and Intellectual Property, HQ

Date: 10-30-95

(ix) U.S. Competitiveness

The Subcontractor agrees that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States unless the Subcontractor can show to the satisfaction of the DOE that it is not commercially feasible to do so. In the event that DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. The Subcontractor agrees that it will not license, assign or otherwise transfer any waived invention to any entity unless that entity agrees to these same requirements. Should the Subcontractor or other such entity receiving rights in the invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license or other transfer of rights in the waived invention is suspended until approved in writing by the DOE.

WAIVER ACTION - ABSTRACT

W(A)-95-005 - CH-0851

REQUESTOR

John Deere & Company

CONTRACT SCOPE OF WORK

Development of a safe, low emission,
alternative fuel school bus

RATIONALE FOR DECISION

24.8% cost sharing

DISPOSITION

Recommended